

**BEFORE THE
CALIFORNIA BOARD OF ACCOUNTANCY
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

Case No. AC-2006-8

DAVID M. SNYDER and
SNYDER ACCOUNTANCY

Certified Public Accountant Certificate No. 50228
And COR 3515

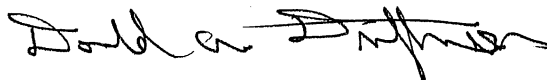
Respondent.

DECISION AND ORDER

The attached Stipulated Settlement and Disciplinary Order is hereby adopted by the California Board of Accountancy, Department of Consumer Affairs, as its Decision in the above-entitled matter.

This Decision shall become effective on October 26, 2008.

It is so ORDERED on September 26, 2008.



FOR THE CALIFORNIA BOARD OF ACCOUNTANCY
CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS

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of the State of California
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8 Attorneys for Complainant

9 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
10 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

11 In the Matter of the Accusation Against:

Case No. AC-2006-8

12 DAVID MICHAEL SNYDER
13 102 Rancho Road
Carmel Valley, California 93924

**STIPULATED SETTLEMENT AND
DISCIPLINARY ORDER**

14 Certified Public Accountant Certificate
15 No. CPA 50228

16 and

17 SNYDER ACCOUNTANCY
A PROFESSIONAL CORPORATION
18 411 Pacific Street #315
Monterey, California 93940
19 Corporation Certificate No. COR 3515,

20 Respondents.

21 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-
22 entitled proceedings that the following matters are true:

23 **PARTIES AND JURISDICTION**

24 1. Carol Sigmann, who was the Complainant in this matter and filed this matter before
25 the Board, was, at the time, the Executive Officer of the California Board of Accountancy, and
26 brought this action solely in her official capacity. For purposes of resolving this matter, Daniel
27 Rich, the Assistant Executive Officer of the Board, is acting as the Executive Officer of the
28 Board and succeeds Ms. Sigmann as the Complainant. The Complainant is represented in this

1 matter by Edmund G. Brown Jr., Attorney General of the State of California, by Wilbert E.
2 Bennett and Jeanne C. Werner, Deputy Attorneys General.

3 2. Respondents David Michael Snyder is representing himself and his accountancy
4 corporation, Snyder Accountancy, in this proceeding and has chosen not to exercise his right to
5 be represented by legal counsel.

6 3. On or about March 12, 1988, the California Board of Accountancy issued Certified
7 Public Accountant Certificate Number CPA 50228 to David Michael Snyder ("Respondent
8 Snyder"). The Certified Public Accountant Certificate was in full force and effect at all times
9 relevant to the charges brought herein and is renewed through September 30, 2008.

10 4. On or about September 1, 1989, the California Board of Accountancy issued corporate
11 registration No. COR 3515 to Snyder Accountancy, A Professional Corporation ("Respondent
12 Corporation"). The corporate registration was in full force and effect at all times relevant to the
13 charges brought herein and is renewed through September 30, 2009.

14 5. The First Amended Accusation (hereinafter "Accusation") in case No. AC-2006-8 was
15 filed before the California Board of Accountancy (Board), Department of Consumer Affairs, on
16 December 27, 2006 and is currently pending against Respondents. The Accusation and all other
17 statutorily required documents were properly served on Respondents and Respondents timely
18 filed Notices of Defense contesting the Accusation. A copy of Accusation No. AC-2006-8 is
19 attached as exhibit A and incorporated herein by reference.

20 **WAIVERS, RESTRICTIONS & CONTINGENCY**

21 6. Respondent Snyder, on behalf of himself and Respondent Snyder Accountancy, has
22 carefully read, and understands, the charges and allegations in Accusation No. AC-2006-8.
23 Respondent Snyder has also carefully read and understands the effects of this Stipulated
24 Settlement and Disciplinary Order on both respondents' licenses.

25 7. Respondent Snyder is fully aware of his legal rights in this matter, including the right
26 to a hearing on the charges and allegations in the Accusation; the right to be represented by
27 counsel at his own expense; the right to confront and cross-examine the witnesses against him;
28 the right to present evidence and to testify on his own behalf; the right to the issuance of

1 subpoenas to compel the attendance of witnesses and the production of documents; the right to
2 reconsideration and court review of an adverse decision; and all other rights accorded by the
3 California Administrative Procedure Act and other applicable laws. Respondent, on behalf of
4 himself and his corporation, voluntarily, knowingly, and intelligently waives and gives up each
5 and every right set forth above.

6 8. This stipulation shall be subject to approval by the California Board of Accountancy.
7 Respondents understand and agree that counsel for Complainant and the staff of the California
8 Board of Accountancy may communicate directly with the Board regarding this stipulation and
9 settlement, without notice to or participation by Respondents. By signing the stipulation on
10 behalf of both licensees, Respondent Snyder understands and agrees that he may not withdraw
11 his agreement or seek to rescind the stipulation, with respect to either license, prior to the time
12 the Board considers and acts upon it. If the Board fails to adopt this stipulation as its Decision
13 and Order, the Stipulated Settlement and Disciplinary Order shall be of no force or effect, except
14 for this paragraph, it shall be inadmissible in any legal action between the parties, and the Board
15 shall not be disqualified from further action by having considered this matter.

16 9. Respondent understands that by signing this stipulation he enables the Board to issue
17 an order imposing discipline upon the licenses without further process.

18 **ADMISSIONS, FINDINGS, AND FURTHER STIPULATIONS**

19 10. Respondent admits the truth of each and every charge and allegation in Accusation
20 No. AC-2006-8.

21 11. Respondent agrees that his Certified Public Accountant Certificate No. 50228 and
22 his Corporate Certificate No. COR 3515 are subject to discipline and he agrees to be bound by
23 the Board's imposition of discipline as set forth in the Disciplinary Order below.

24 12. The parties stipulate that Respondent Snyder has produced satisfactory proof to the
25 Board's representatives that he has made restitution to the City of San Juan Bautista in the
26 amount of \$19,000.00. (See Accusation, p.7, paragraph 17 and page 8, par. 4.).

27 13. The parties stipulate that, for the purpose of cost recovery under Code Section 5107,
28 the Board's reasonable costs of investigation and prosecution in this matter are \$11,925.28.

1 14. The parties understand and agree that facsimile copies of this Stipulated Settlement
2 and Disciplinary Order, including facsimile signatures thereto, shall have the same force and
3 effect as the originals.

4 **IN CONSIDERATION OF THE FOREGOING** admissions and stipulations, the
5 parties agree that the Board may, without further notice or formal proceeding, issue and enter the
6 following Disciplinary Order:

7 **DISCIPLINARY ORDER**

8 IT IS HEREBY ORDERED that Certified Public Accountant Certificate No. CPA 58332,
9 issued to Respondent David Michael Snyder and Corporate Certificate No. COR 3515, issued to
10 Respondent Snyder Accountancy are each revoked. However, the revocations are stayed and
11 Respondents' respective licenses are each placed on probation for three (3) years on the
12 following terms and conditions.

13 1. **Actual Suspension of Both Licenses.** Certified Public Accountant Certificate No.
14 CPA issued to David Michael Snyder is suspended for 60 days. Likewise, Corporate Certificate
15 No. COR 3515 issued to Snyder Accountancy, A Professional Corporation, is suspended for 60
16 days. During the period of suspension the Respondents shall engage in no activities for which
17 certification as a Certified Public Accountant, Public Accountant, corporation or other firm or
18 entity is required as described in Business and Professions Code, Division 3, Chapter 1, Section
19 5051.

20 2. **Obey All Laws.** Respondents shall obey all federal, California, other
21 states' and local laws, including those rules relating to the practice of public accountancy in
22 California.

23 3. **Active License Status** Respondent shall at all times maintain an active license status
24 with the Board, including during any period of suspension. If the license is expired at the time
25 the Board's decision becomes effective, the license must be renewed in an active status, with
26 continuing education requirements completed, within 30 days of the effective date of the
27 decision.

28 4. **Comply With Probation.** Respondents shall fully comply with the terms and

1 conditions of the probation imposed by the Board and shall cooperate fully with representatives
2 of the Board of Accountancy in its monitoring and investigation of the Respondents' compliance
3 with probation terms and conditions.

4 **5. Submit Written Reports.** On behalf of both respondents, Respondent Snyder shall
5 submit, within ten (10) days of completion of the quarter, written reports to the Board on a form
6 obtained from the Board. Respondent Snyder shall submit, under penalty of perjury, such other
7 written reports, declarations, and verification of actions, on behalf of both licenses, as are
8 required. These declarations shall contain statements relative to Respondents' compliance with
9 all the terms and conditions of probation. Respondent Snyder shall immediately execute all
10 release of information forms as may be required by the Board or its representatives. Respondent
11 Snyder shall inform the Board within 15 days of any change in the corporate structure of Snyder
12 Accountancy.

13 **6. Personal Appearances.** Respondent Snyder shall, during the period of probation,
14 appear in person at interviews/meetings as directed by the Board or its designated
15 representatives, provided such notification is accomplished in a timely manner.

16 **7. Continuing Education Courses.** Respondent Snyder shall complete and provide
17 proper documentation of 24 hours of professional education courses related to auditing within the
18 first 18 months of the probationary period. This shall be in addition to continuing education
19 requirements for license renewal. Failure to satisfactorily complete the required courses as
20 scheduled or failure to complete same no later than 100 days prior to the termination of probation
21 shall constitute cause for revocation of respondents' probation.

22 **8. Cost Reimbursement.** Respondents shall reimburse the Board \$11,925.28 for its
23 investigation and prosecution costs. The payments shall be made in 10 equal installments, due
24 with Respondents' quarterly reports, beginning with the first quarterly report, or as otherwise
25 agreed by the Board or its representative. As provided by this schedule, payments must be
26 completed in no event later than 60 days prior to the termination of probation. Failure to
27 complete cost reimbursement will automatically extend the period of probation.

28 **9. Review of Audit Work.** Work papers and audited financial statements for any audit

1 are to be reviewed by an outside CPA who is approved by the Board or its designee at
2 Respondents expense before the release of the audit report.

3 **10. Practice Investigation.** Respondents shall be subject to, and shall permit, practice
4 investigation of the Respondents' professional practice. Such a practice investigation shall be
5 conducted by representatives of the Board, provided notification of such review is accomplished
6 in a timely manner.

7 **11. Comply With Citations.** Respondents shall comply with all final orders resulting
8 from citations issued by the Board of Accountancy.

9 **12. Tolling of Probation For Out-of-State Residence/Practice.** In the event
10 Respondent Snyder should leave California to reside or practice outside this state, Respondent
11 must notify the Board in writing of the dates of departure and return. Periods of non-California
12 residency or practice outside the state shall not apply to reduction of the probationary period, or
13 of any suspension. No obligation imposed herein, including requirements to file written reports,
14 reimburse the Board costs, or make restitution to consumers, shall be suspended or otherwise
15 affected by such periods of out-of-state residency or practice except at the written direction of the
16 Board. Respondent Snyder shall notify the Board within 15 days of his participation in any
17 accountancy corporation or partnership in the United States.

18 **13. Violation of Probation.** If either Respondent violates probation in any respect, the
19 Board, after giving Respondents notice and an opportunity to be heard, may revoke probation and
20 carry out both disciplinary orders that were stayed. If an accusation or a petition to revoke
21 probation is filed against Respondent(s) during probation, the Board shall have continuing
22 jurisdiction until the matter is final, and the period of probation shall be extended until the matter
23 is final.

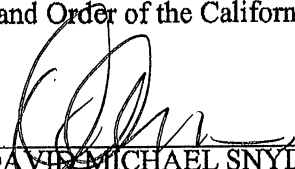
24 **14. Completion of Probation.** Upon successful completion of probation, Respondents'
25 licenses will be fully restored.

26 **ACCEPTANCE AND WAIVER**

27 I have carefully read the above Stipulated Settlement and Disciplinary Order. I
28 understand that I may also seek the advice of legal counsel to advise me regarding the effects of

1 entering into this stipulation. I understand the stipulation and the effect it will have on my
2 Certified Public Accountant Certificate, and on my Accountancy Corporation Certificate. I enter
3 into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently,
4 and agree to be bound by the Decision and Order of the California Board of Accountancy.

5 DATED: 8-1-08

6  CPA
7 DAVID MICHAEL SNYDER, CPA, Respondent
(Also signed on behalf of Respondent Snyder Accountancy)

8 **ENDORSEMENT**

9 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully
10 submitted for consideration by the California Board of Accountancy of the Department of
11 Consumer Affairs.

12 DATED: _____, 2008.

13 EDMUND G. BROWN JR., Attorney General
14 of the State of California

15 WILBERT E. BENNETT
16 Supervising Deputy Attorney General

17 _____
18 JEANNE C. WERNER
Deputy Attorney General

19 Attorneys for Complainant

20 DOJ Matter ID: SF2006400010
21 Snyder stip.wpd

1 entering into this stipulation. I understand the stipulation and the effect it will have on my
2 Certified Public Accountant Certificate, and on my Accountancy Corporation Certificate. I enter
3 into this Stipulated Settlement and Disciplinary Order voluntarily, knowingly, and intelligently,
4 and agree to be bound by the Decision and Order of the California Board of Accountancy.

5 DATED: _____.

6
7 DAVID MICHAEL SNYDER, CPA, Respondent
(Also signed on behalf of Respondent Snyder Accountancy)

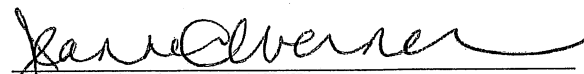
8 **ENDORSEMENT**

9 The foregoing Stipulated Settlement and Disciplinary Order is hereby respectfully
10 submitted for consideration by the California Board of Accountancy of the Department of
11 Consumer Affairs.

12 DATED: July 28, 2008.

13 EDMUND G. BROWN JR., Attorney General
14 of the State of California

15 WILBERT E. BENNETT
16 Supervising Deputy Attorney General

17 
18 JEANNE C. WERNER
Deputy Attorney General

19 Attorneys for Complainant

20 DOJ Matter ID: SF2006400010
21 Snyder stip.wpd

Exhibit A
Accusation No. AC-2006-8

1 BILL LOCKYER, Attorney General
of the State of California
2 JEANNE C. WERNER, State Bar No. 93170
Deputy Attorney General
3 California Department of Justice
1515 Clay Street, 20th Floor
4 P.O. Box 70550
Oakland, CA 94612-0550
5 Telephone: (510) 622-2226
Facsimile: (510) 622-2121
6
7 Attorneys for Complainant

8 **BEFORE THE**
CALIFORNIA BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

10 In the Matter of the Accusation Against:

Case No. AC-2006-8

11 DAVID MICHAEL SNYDER
12 P.O. Box 2196
Carmel Valley, California 93924

FIRST AMENDED ACCUSATION

13 Certified Public Accountant Certificate
14 No. CPA 50228

15 and

16 SNYDER ACCOUNTANCY
A PROFESSIONAL CORPORATION
17 411 Pacific Street #315
Monterey, California 93940
18 Corporation Certificate No. COR 3515,

19 Respondents.
20

21 Complainant Carol Sigmann, as causes for disciplinary action, alleges:

22 **PARTIES, JURISDICTION and STATUTES/REGULATIONS**

23 1. Carol Sigmann, Complainant, brings this Accusation solely in her official capacity
24 as the Executive Officer of the California Board of Accountancy.

25 2. On or about March 12, 1988, the California Board of Accountancy issued
26 Certified Public Accountant Certificate Number CPA 50228 to David Michael Snyder
27 ("Respondent Snyder"). The Certified Public Accountant Certificate was in full force and effect
28 at all times relevant to the charges brought herein and is renewed through September 30, 2006.

1 3. On or about September 1, 1989, the California Board of Accountancy issued
2 corporate registration No. COR 3515 to Snyder Accountancy, A Professional Corporation
3 ("Respondent Corporation"). The corporate registration was in full force and effect at all times
4 relevant to the charges brought herein and is renewed through September 30, 2007.

5 4. This Accusation is brought before the California Board of Accountancy ("Board")
6 under the authority of Business and Professions Code section 5100, which provides in pertinent
7 part that, after notice and hearing, the Board may revoke, suspend or refuse to renew any permit
8 or certificate issued by the Board for unprofessional conduct. Unprofessional conduct is defined
9 therein to include but not to be limited to gross negligence in the practice of public accountancy
10 (Code § 5100(c)) and the willful violation of the Accountancy Act or a Board rule (Code §
11 5100(g)).

12 5. Code Section 5156 provides for discipline of an accountancy corporation for
13 unprofessional conduct.

14 6. Code Section 5062 requires a licensee to issue a report, upon completion of an
15 audit of financial statements, which conforms to professional standards.

16 7. Section 58 of Title 16, California Code of Regulations (Board Rule 58) provides
17 that licensees of the Board engaged in the practice of public accountancy shall comply with all
18 applicable professional standards, including but not limited to generally accepted accounting
19 principles and generally accepted auditing standards.

20 8. Section 118, subdivision (b), of the Code provides in pertinent part that the
21 expiration of a license does not deprive the Board of jurisdiction to proceed with a disciplinary
22 action during the period within which the license may be renewed, restored, reissued or reinstated.
23 Code section 5070.6 provides that an expired permit may be renewed at any time within five years
24 after its expiration upon compliance with certain requirements.

25 9. Business and Professions Code section 5107 provides for recovery by the Board
26 of all reasonable costs of investigation and prosecution of cases, including but not limited to
27 attorneys' fees. A certified copy of the actual costs, or a good faith estimate of costs signed by
28 the Executive Officer, constitute prima facie evidence of reasonable costs of investigation and

1 prosecution of the case.

2 APPLICABLE PROFESSIONAL STANDARDS

3 10. Standards of practice pertinent to this accusation and the engagements in issue
4 include, without limitation:

5 A. Generally Accepted Auditing Standards ("GAAS") issued by the American
6 Institute of Certified Public Accountants (AICPA). The ten GAAS (AU §150), which are
7 interrelated, are discussed in the Statements on Auditing Standards ("SAS"). The SAS are
8 codified, by "AU" number, in the AICPA's *Codification of Statements on Auditing Standards*.
9 Among the SAS relevant herein, in addition to AU §150 which sets forth the Generally Accepted
10 Auditing Standards and introduces the concepts of "materiality" and "audit risk," are:
11 AU §311 (Planning and Supervision); AU §319 (Internal Control); AU §326 (Evidential
12 Matter); AU §333 (Management Representations); AU §337 (Inquiry of a Client's Lawyer);
13 AU §339 (Working Papers); and AU §508 (Auditor's Report).

14 B. *Audits of State and Local Governmental Units*, an Audit and Accounting Guide of
15 the AICPA, which provides authoritative guidance for the audits of governmental entities ("AAG-
16 SLG"). Relevant herein, without limitation, are Chapter 7, section 714; Chapter 10, section
17 10.20; and Chapter 18, section 18.42.

18 C. Governmental Auditing Standards ("GAS"), set forth in *Government Auditing*
19 *Standards - Standards for Audit of Governmental Organizations, Programs, Activities and*
20 *Functions*, and issued by the Comptroller General of the United States, United States General
21 Accounting Office, 1994 rev. as amended (the "Yellow Book"). For a "Yellow Book" audit,
22 these standards, **in addition** to requiring observance of the GAAS requirements set forth above,
23 provide additional requirements, e.g., supplemental working paper documentation requirements,
24 additional reporting requirements (reports on internal control and compliance with laws and
25 regulations), and quality reviews, as set forth hereinafter. Among specific GAS pertinent herein
26 are, without limitation:

27 (1.) GAS Supplemental Working Paper Requirements Section 4.34 of
28 Government Auditing Standards (the "Yellow Book") requires that a record of the auditors' work

1 be retained in the form of working papers. Section 4.35 provides that "Working papers should
2 contain sufficient information to enable an experienced auditor having no previous connection to
3 the audit to ascertain from them the evidence that supports the auditors' significant conclusions
4 and judgments."

5 (2.) Quality Control/Review. Section 3.31 provides that "Each audit
6 organization conducting audits in accordance with these standards should have an appropriate
7 internal quality control system in place and undergo an external quality control review." Section
8 3.33 provides that "Organizations conducting audits in accordance with these standards should
9 have an external quality review at least once every 3 years by an organization not affiliated with
10 the organization being reviewed. [footnote omitted] The external quality control review should
11 determine whether the organization's internal quality control system is in place and operating
12 effectively to provide reasonable assurance that established policies and procedures and applicable
13 auditing standards are being followed."

14 D. Generally Accepted Accounting Principles ("GAAP"), derived from various
15 authoritative sources. AU § 411 provides guidance to the auditor concerning the "Meaning of
16 'Present Fairly in Conformity with GAAP.'" This guidance relates to the auditor's duties under
17 both GAAS and GAAP. AU § 411.18 sets forth the "GAAP Hierarchy Summary." Generally
18 Accepted Accounting Principles relevant herein include, without limitation:

19 (1) Statements and Interpretations (SFAS or FAS) issued by the Financial
20 Accounting Standards Board¹ (FASB). FAS and APB Opinions (see paragraph (2) immediately
21 following) are codified by topic in the AICPA's publication *Current Text*. These
22 pronouncements are the most authoritative source for GAAP. The statements pertinent herein
23 include, without limitation, SFAS No. 95 (Statement of Cash Flows); and SFAS No. 132
24 (Employers' Disclosures about Pensions and Other Postretirement Benefits).

25
26
27 1. The FASB is the private sector organization which has been primarily responsible for
28 promulgating GAAP since 1973. Before the FASB, the Accounting Principles Board (APB)
issued opinions, from 1959 through 1973.)

(2) Statements issued by the Accounting Principles Board² of the AICPA, including *APB No. 12* (Classification & Disclosure of Allowances, etc.).

FIRST CAUSE FOR DISCIPLINE

Audit of the City of San Juan Bautista Gross Negligence - Bus. & Prof. Code Sec. 5100(c)

11. Respondent David Michael Snyder, doing business as Snyder Accountancy, performed an audit of the financial statements for the City of San Juan Bautista, California, for the year ended June 30, 2002. Respondent Snyder issued the auditor's report, signing for Snyder Accountancy, on December 3, 2002. The audit engagement was required to be performed in accordance with Generally Accepted Auditing Standards, Government Auditing Standards, and Generally Accepted Accounting Principles, which constitute the standard of practice in the State of California.³

12. Respondents' gross negligence included the following extreme departures from Generally Accepted Auditing Standards and Government Auditing Standards:

Audit Planning & Documentation

A. Respondent(s) failed to obtain a management representation letter (AU §333.01).

B. Respondent(s) failed to inquire of the client's lawyer concerning litigation, claims and assessments (AU § 337).

C. Respondent(s) failed to use audit programs for testing of accounts receivable and prepaid expenses. Respondent(s) failed to complete audit programs for accounts payable and accrued expenses (they were left blank) (AU § 311.05).

D. Respondent(s) failed to obtain an understanding, and document said understanding, of each of the five components of internal control sufficient to plan the audit. (AU § 150;

2. See footnote 1.

3. Section 58 of Title 16, California Code of Regulations (Board Rule 58) provides that licensees of the Board engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to generally accepted accounting principles and generally accepted auditing standards.

1 AU § 319).

2 E. Respondent(s) failed to evaluate, and document the evaluation, of the risk of
3 material misstatements in the financial statements (AU § 319).

4 F. Respondent(s) failed to obtain, through inspection, observation, inquiries, and
5 confirmations, sufficient competent evidential matter to afford a reasonable basis for his opinion
6 regarding the financial statements (AU § 326; AU § 339).

7 G. Respondent(s) failed to adhere to Government Auditing Standards in that the audit
8 work papers do not contain sufficient information that would enable an experienced auditor
9 having no previous connection with the audit to ascertain from them the evidence that supports
10 the auditor's significant conclusions and judgments (GAS § 4.35; AU § 339.05).

11 Auditor's Report

12 H. Respondents' report omitted required language (AU § 508.08).

13 I. Respondent(s) failed to opine on the combined, individual, and account group
14 financial statements presented with the general purpose financial statements (AAG-SLG 18.42).

15 J. Respondent(s)' report and opinion is not supported by the audit documentation.

16 Statement of Cash Flows

17 K. Total cash and cash equivalents shown on the Statement of Cash Flows could not
18 be tied to the totals on either the general purpose financial statements or the notes to the general
19 purpose financial statements (FASB No. 95; AAG-SLG § 7.14).

20 Notes to General Purpose Financial Statements

21 L. The notes to the general purpose financial statements do not include required
22 disclosures (APB Opinion No. 12; AAG-SLG § 10.20; FASB No. 132).

23 Required Peer Review

24 M. Respondents did not complete a peer review as required by Government Auditing
25 Standards (GAS § 3.31).

26 13. Incorporating by reference the allegations in paragraphs 11 and 12, cause for
27 discipline of Respondents' licenses is established under Code sections 5100 and 5156 in that
28 Respondents' failures constitute extreme departures from applicable professional standards, that

1 is, gross negligence, in violation of Code Section 5100(c).

2 **SECOND CAUSE FOR DISCIPLINE**

3 **Violation of Professional Standards - Bus. & Prof. Code Sec. 5100(g)/Rule 58**

4 14. Incorporating by reference the allegations in paragraphs 11 and 12, cause for
5 discipline of Respondent(s)' licenses is established under Code Section 5100(g) and 5156 in
6 conjunction with Board Rule 58 in that Respondent(s)' failures constitute multiple willful
7 violations of applicable professional standards.

8 **THIRD CAUSE FOR DISCIPLINE**

9 **Failure to Issue Report Conforming to Professional Standards**
10 **Bus. & Prof. Code Secs. 5100(g)/5062**

11 15. Incorporating by reference the allegations in paragraphs 11 and 12, cause for
12 discipline of Respondents' licenses is established under Code Sections 5100(g) and 5156, in that
13 Respondent(s)' auditor's report does not conform to professional standards, as required by Code
14 Section 5062.

15 **OTHER MATTERS**

16 16. Pursuant to Code section 5107, it is requested that the administrative law judge, as
17 part of the proposed decision in this proceeding, direct Respondent to pay to the Board all
18 reasonable costs of investigation and prosecution in this case, including, but not limited to,
19 attorneys' fees.

20 17. In support of an order of restitution, it is alleged that the City of San Juan Bautista
21 was required to restate its financial statements for the year ended June 20, 2002, and was required
22 to pay another certified public accountant (the city's successor auditor) the additional amount of
23 \$13,500.00 for the restatement and associated audit procedures.


24 **PRAYER**

25 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
26 and that following the hearing, the California Board of Accountancy issue a decision:

27 1. Revoking or suspending or otherwise imposing discipline upon Certified Public
28 Accountant Certificate Number CPA 50228, issued to David Michael Snyder;

- 1 2. Revoking or suspending or otherwise imposing discipline upon Corporation
2 Certificate Number COR 3515, issued to Snyder Accountancy, A Professional Corporation;
3 3. Ordering David Michael Snyder and Snyder Accountancy to pay the California Board
4 of Accountancy the reasonable costs of the investigation and enforcement of this case, pursuant to
5 Business and Professions Code section 5107; and
6 4. Ordering restitution of all damages according to proof suffered by the City of San Juan
7 Bautista as a condition of probation in the event that probation is ordered;
8 5. Taking such other and further action as deemed necessary and proper.

9 DATED: December 27, 2006

11
12 
13 CAROL SIGMANN
14 Executive Officer
15 California Board of Accountancy
16 Department of Consumer Affairs
17 State of California
18 Complainant

16 SF2006400010

17 SNYDER FIRST AMD ACC.wpd